Westports Holdings (WPRTS MK)

3QFY25: Results In Line, With Room For M&A Lookout

HOLD (Maintained)

Share Price	RM5.10
Target Price	RM5.55
Upside	+8.9%

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Highlights

- WPRTS' 9M25 performance was on track. At the same time, the yard congestion had eased to 80-85% (from 90-95% in 1H25). The structural growth theme of ASEAN and "China +1" remains intact, to justify WP2 progress (CT10-CT13 reclamation is 35% completed) and M&A lookout (unlikely a near-term catalyst). About 16% of WPRTS 2014 volume originated from/to China.
- Retain HOLD with a target price of RM5.55 at this juncture on fair risk-reward, and advise accumulating on weakness. This is aligned to global ports market performance, but valuation is above the historical range. On M&A, we think it is unlikely to be a near-term catalyst, mainly due to valuation concerns. We advise accumulating on weakness for the port's superior management style and defensive attributes in current market conditions.

3Q25 Results

Year to 31 Dec (RMm)	3Q FY25	qoq % chg	yoy % chg	Ytd FY25	yoy % chg	Remarks
Operating Revenue	**752.0**	**8.8**	**31.3**	**2,064.3**	**23.7**	3Q25 qoq/yoy volume growth: 0%/6%
- Container	552.0	8.0	13.1	1,556.0	8.1	3Q25 qoq/yoy transhipment: -3%/12%
- Conventional	47.0	30.6	9.3	120.0	4.3	3Q25 qoq/yoy gateway: 4%/0%
EBIT	**376.7**	**17.1**	**19.1**	**1,013.0**	**17.6**	3Q25 qoq/yoy yield growth: 8%/7%
Operating margin (%)	*50.1%*	*3.6%*	*-5.2%*	*49.1%*	*-2.5%*	Yield boost due to tariff hike eff Jul 25
Net finance cost	(27.2)	17.6	105.8	(73.4)	136.0	
JV/associates	**(0.9)**	**(144.2)**	**(251.8)**	**1.9**	**(59.6)**	
PBT	**348.6**	**16.0**	**14.8**	**941.6**	**12.8**	
Tax	(77.5)	12.5	9.8	(216.4)	11.7	
Net Profit	**271.1**	**17.0**	**16.3**	**725.2**	**13.1**	Exclude RM5m gain of disposal
Core Profit	**267.4**	**15.1**	**14.7**	**722.0**	**3.0**	for 5 Rubber-Tired Gantry (RTG) cranes

Source: Westports, UOB Kay Hian

Analysis

- **9M25 results met 74%/ 78% of our/consensus forecasts.** While the volume performance and Jul 25 tariff hike (main reason for the gateway business yield boost in 3Q25) were largely expected, transshipment volume was flat qoq due to high restow requirements, and the restows were for mainly empty boxes that were repositioned back to Far East (in the past, restows and empties do not necessarily correlate with each other). Empties now account for 31% of total volume, vs the high 20% in the past. 3Q25 VAS remained high at a 25% ratio vs 23% qoq, despite progressive billing being allowed. Storage charges for longer-staying metal-laden TEUs jumped, but this should trend lower over time.

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	2,089	2,281	2,405	2,588	2,802
EBITDA	1,296	1,449	1,625	1,766	1,945
Operating profit	1,038	1,194	1,360	1,484	1,644
Net profit (rep./act.)	780	893	972	1,063	1,178
Net profit (adj.)	780	893	972	1,063	1,178
EPS	22.9	26.2	28.5	31.2	34.6
PE	24.5	21.3	19.6	17.9	16.2
P/B	5.4	5.0	4.7	4.4	5.4
EV/EBITDA	14.8	13.2	11.8	10.8	9.8
Dividend yield	3.0	3.5	3.8	4.1	4.6
Net margin	37.8	39.4	40.4	41.1	42.1
Net debt/(cash) to equity	7.7	7.8	6.3	9.9	50.0
Interest cover	31.1	26.0	12.8	13.0	13.1
ROE	28.2	30.5	31.7	33.1	42.3
Consensus net profit	-	-	950	1,077	1,167
UOBKH/Consensus (x)	-	-	1.02	0.98	1.00

Source: Westports, Bloomberg, UOB Kay Hian

Stock Data

GICS Sector	Industrials
Bloomberg ticker	WPRTS MK
Shares issued (m)	3,422.0
Market cap (RMm)	17,522.0
Market cap (US$m)	4,180.0
3-mth avg daily t'over (US$m)	0.2

Price Performance (%)

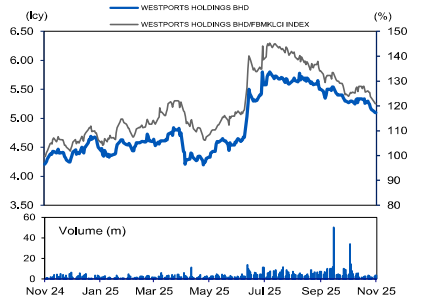
52-week high/low **RM5.87/RM4.05**

1mth	3mth	6mth	1yr	YTD
(3.9)	16.0	18.3	21.4	9.4

Major Shareholders

	%
Gnanalingam Family	45.5
SouthPort	23.6
KWAP	6.5

Price Chart



Source: Bloomberg

Company Description

An integrated facility situated at the Port Klang, Malaysia's premier port. It offers container-handling services, whereby volumes are in the twenty-foot equivalent units (TEU). Westports (WPRTS) also offers value-added services (VAS)* supporting container handling. VAS services include storage, reefer, container freight, removal etc

- **WP2 Phase 1: Dredging and reclamation at 35% completion since 2024.** Earthworks for CT10 are planned to complete by 4Q26. This is a crucial milestone to commence construction and equipment/crane acquisition from 2027, and consequently the completion of CT10's first 300m wharf (out of two) by 2Q28. To recap, WP2 will double existing capacity to 28m TEUs, with two phases covering eight new terminals CT10 to CT17. Initial cost for Phase 1 (CT10-CT13) is US$1.5b. Phase 2 (CT14-CT17) may require up to US$2b in cost (vs Westports Holdings' (WPRTS) initial guidance as being similar to US$1.5b) based on the recent guidance from Port Klang Authority. The cost disparity is mainly due to Phase 1 being partially on existing land, while Phase 2 will be entirely on reclaimed land.
- **Structural growth story remains intact.** On top of the recent signing of the ASEAN-China Free Trade Area 3.0, a positive conclusion of the US-Vietnam tariff and trade agreement will also be key event catalyst. A US reciprocal tariff on Vietnamese imports of 20% (down from 46%), is deemed "relatively appropriate" vs China's 50%, and other ASEAN nations' 19%. In addition to the ASEAN Summit, we see another potential event catalyst in the 6th China-Malaysia Port Alliance (CMPA) meeting on 10 Nov 25 at the Sama-Sama Hotel.
- **1.35m TEUs of WPRTS' 2014 volume (16%) originated from/to China.** Although there is no other recent data available, we believe the ratio of China's container mix might have increased slightly from 2014's 16%. This is deduced by MATRADE's data whereby for 2014/2024 respectively, China (RM207b/RM484b) as the largest trading partner of Malaysia (RM1.43t/RM2.87t) comprised 14.0%/16.8% of the nation's trade mix. Outside of the ASEAN trade lanes during Jan-Jul 25, global exports from China to Europe grew by 0.79m TEUs, which nicely absorbed lost exports to the US (-0.77m TEUs)

Valuation/Recommendation

- **Retain HOLD, with an SOTP-based target price of RM5.55**. Premised on DCF until the 2070 horizon (ie partial WPRTS 2 expansion), this implies an 18x 2026F PE and 12x EV/EBITDA. We see a fair risk-reward, after accounting for WPRTS' defensive advantage on trade developments and the tariff hike.

Earnings Revision/Risk

- Retain forecasts and our volume growth assumption of 4%/3% for 2025/26.
- **Risk.** WPRTS's high-yield gateway volume reached a peak of 4.9m TEUs in 2024, as it attributed some of the volume surge arising from e-waste, and illegal cargoes like scrap iron and metal imports. Management is unable to guide on the exact quantum related to illegal e-waste.

Share Price Catalyst

- **Additional RM0.2b equity funding headroom.** WPRTS' funding structure for WP2 was planned via a RM0.6b dividend reinvestment plan (DRP) and a RM5b new Sukuk Wakalah programme. The first tranche of the DRP was completed in Sep 25, with RM61m proceeds reinvested into shares, and the remainder RM277m as cash dividend (representing DPS of 2 sen and 7.9 sen respectively). A recent Edge article highlighted that WP2 require just RM0.4b equity from the DRP, leaving about RM0.2b available for additional investments.
- **Well-positioned for M&A opportunities – key criteria is returns.** We highlighted before that since Dec 24, a new subsidiary Westports International SB was set up. Yesterday, Chairman Datuk Ruben officially commented that they are keen to invest in another ASEAN port, and prefers another container port at the brownfield stage rather than the greenfield stage. But, WPRTS said there are no port candidates in the advanced negotiation stage due to "pricing", hence we do not expect near-term share price run-up.

WP2 Dredging And Reclaimation Progress*

Source: WPRTS

Volume Performance By Trade Routes

Container m TEU	3Q25	3Q24	% YoY	% Split	2Q25
Transhipment	1.62	1.45	12%	56.6%	1.68
Gateway / OD	1.25	1.25	0%	43.4%	1.20
Total TEUs^	**2.87**	**2.70**	**6%**	**100%**	**2.88**
Intra-Asia	1.78	1.79	0%	62.0%	1.73
Asia-Europe	0.47	0.39	20%	16.2%	0.50
Asia-America	0.29	0.25	20%	10.2%	0.30
Asia-Australasia	0.20	0.20	1%	7.0%	0.22
Asia-Africa	0.05	0.04	23%	1.8%	0.05
Others	0.08	0.05	68%	2.8%	0.08

Source: WPRTS

COGS Breakdown

Cost RM million	3Q25	3Q24	% YoY	% Split	2Q25
Op. Workforce	77	71	8%	36.2%	78
Depreciation	49	35	39%	23.0%	48
Fuel	34	37	-6%	16.0%	35
M&R	25	22	13%	11.8%	23
Electricity	11	12	-12%	5.1%	14
Others	17	16	4%	7.9%	14
Op. Cost^	**214**	**194**	**10%**	**100%**	**212**

Source: WPRTS

Volumes* Originated From China

By trade lanes	Total TEU, m TEU	China TEU, m TEU (mix %)
Intra-Asia	4.1	0.615 (15%)
Asia-Europe	1.9	0.304 (16%)
Asia-Africa	1.0	0.220 (22%)
Asia-Australasia	0.7	0.091 (13%)
Others	0.7	0.120 (17%)
Total	8.4	1.350 (16%)

**Note: Based on WPRTS 2014 Volume data*
Source: WPRTS' Presentation for the CMPA Conference

DCF Valuation And Target Price

	Stage 1 (2024-54)	Stage 2 (2054-2070)
EBITDA CAGR (tariff hike)	4.0%	3.0%
EBITDA CAGR (no tariff hike)	3.0%	1.1%
Maintenance Capex (RMm)	110	110
Max Capacity on TEU/hectare	47,550	59,488
Max Capacity on TEU/crane	146,074	182,748
DCF (RMm)	3,632.3	15,555.8
Risk Free Rate		5.0%
Beta (x)		0.9
Tax Rate		25%
Cost of Equity		8.6%
Cost of Debt		4.5%
WACC		7.6%
Enterprise Value (RMm)		19,188.2
- Net Debt, FY26F (RMm)		(258.2)
Target Price		**5.55**

Source: UOB Kay Hian

Profit & Loss

Year to 31 Dec (RMm)	2024	2025F	2026F	2027F
Net turnover	**2,281**	**2,405**	**2,588**	**2,802**
EBITDA	1,449	1,625	1,766	1,945
Deprec. & amort.	255	265	282	302
EBIT	1,139	1,249	1,365	1,513
Total other non-operating income	0	15	17	19
Associate contributions	(56)	(127)	(136)	(149)
Net interest income/(expense)	**1,139**	**1,249**	**1,365**	**1,513**
Pre-tax profit	(241)	(276)	(302)	(335)
Tax	0	0	0	0
Net profit	**893**	**972**	**1,063**	**1,178**
Net profit (adj.)	893	972	1,063	1,178

Balance Sheet

Year to 31 Dec (RMm)	2024	2025F	2026F	2027F
Fixed assets	1,687	1,372	1,314	1,247
Other LT assets	4,733	5,053	5,467	5,870
Cash/ST investment	255	328	390	493
Other current assets	1,104	1,234	1,383	1,548
Total assets	**7,778**	**7,986**	**8,554**	**9,158**
ST debt	539	568	610	659
Other current liabilities	175	150	150	151
LT debt	905	1,002	1,299	1,595
Other LT liabilities	436	436	436	436
Shareholders' equity	3,818	4,072	4,351	4,659
Total liabilities & equity	**7,778**	**7,986**	**8,554**	**9,158**

Cash Flow

Year to 31 Dec (RMm)	2024	2025F	2026F	2027F
Operating	**1,291**	**1,234**	**1,345**	**1,482**
Pre-tax profit	1,139	1,249	1,365	1,513
Tax	(167)	(276)	(302)	(335)
Deprec. & amort.	255	265	282	302
Associates	0	(15)	(17)	(19)
Working capital changes	46	12	17	20
Other operating cashflows				
Investing	**(584)**	**(451)**	**(642)**	**(681)**
Capex (growth)	(50)	(350)	(500)	(500)
Proceeds from sale of assets	(610)	(137)	(138)	(137)
Others	76	36	(4)	(44)
Financing	**(514)**	**(618)**	**(579)**	**(664)**
Dividend payments	(673)	(718)	(785)	(870)
Issue of shares	0	0	0	0
Proceeds from borrowings	355	341	447	446
Loan repayment	(175)	(150)	(150)	(150)
Others/interest paid	(20)	(91)	(91)	(91)
Net cash inflow (outflow)	**194**	**165**	**124**	**137**
Beginning cash & cash equivalent	**535**	**729**	**894**	**1,018**
Changes due to forex impact	52	0	0	0
Ending cash & cash equivalent	**781**	**894**	**1,018**	**1,155**

Key Metrics

Year to 31 Dec (RMm)	2024	2025F	2026F	2027F
Profitability				
EBITDA margin	63.5	67.6	68.2	69.4
Pre-tax margin	49.9	51.9	52.8	54.0
Net margin	30.5	31.7	33.1	35.0
ROA	14.8	15.8	16.5	17.4
ROE	30.4	31.7	33.1	35.0
Growth				
Turnover	26.5	33.3	43.5	55.3
EBITDA	47.2	65.0	79.3	97.6
Pre-tax profit	47.4	61.7	76.8	95.9
Net profit	37.2	48.6	62.4	80.0
Net profit (adj.)	37.2	48.6	62.4	80.0
EPS	37.2	48.6	62.4	80.0
Leverage				
Debt to total capital	28.3	28.3	33.3	37.5
Debt to equity	28.3	28.3	33.3	37.5
Debt to total capital	28.3	28.3	33.3	37.5
Debt to equity	28.3	28.3	33.3	37.5

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